

RECORDING REQUESTED BY:

Golden West Refining Company
Attention: Barry W. Berkett
13116 Imperial Highway
Santa Fe Springs, California 90670

WHEN RECORDED, MAIL TO:

California Regional Water Quality Control Board
Los Angeles Region
Attention: Executive Officer
320 W. 4th Street, Suite 200
Los Angeles, California 90013

PROSPECTIVE PURCHASER AGREEMENT

This Prospective Purchaser Agreement ("PPA") is made and entered into by and between the California Regional Water Quality Control Board, Los Angeles Region ("RWQCB"), Golden West Refining Company, a California corporation ("GWRC"), and Golden Springs Development Company, LLC, a California limited liability company ("GSDC"), with regard to the following facts:

RECITALS

A. Refinery Property. The former Golden West Refinery ("Refinery Property") encompasses approximately 265 acres in the City of Santa Fe Springs, County of Los Angeles. The Refinery Property is divided by Carmenita Road, which traverses the property from north to south. West of Carmenita Road, the Refinery Property is bounded on the north by Imperial Highway; on the east by Carmenita Road; on the south by the Atkinson, Topeka & Santa Fe Railway tracks; and on the west by Shoemaker Avenue. East of Carmenita Road, the Refinery Property is divided by East Foster Road, which traverses the Refinery Property from east to west. South of East Foster Road, the Refinery Property is bounded on the north by East Foster Road; on the east by the North Fork Coyote Creek; on the south by the Atkinson, Topeka & Santa Fe Railway tracks; and on the west by Carmenita Road. North of East Foster Road, the Refinery Property is divided by the North Fork Coyote Creek, which traverses the Refinery Property from north to south. East of the North Fork Coyote Creek, the Refinery Property is bounded on the north by improved light industrial development; on the east by Marquardt Avenue; on the south by East Foster Road; and on the west by the North Fork Coyote Creek. West of the North Fork Coyote Creek, the Refinery Property is bounded on the north by improved light industrial development; on the east by the North Fork Coyote Creek; on the south by East Foster Road; and on the west by Carmenita Road. The Refinery Property is divided into four principal areas: 1) Process Unit Area; 2) Marketing Area; 3) South Tank Farm; and 4) West Tank Farm.

B. West Tank Farm. The West Tank Farm is situated on approximately 133.3 acres bounded by Imperial Highway on the north, Carmenita Road on the east, the Atkinson, Topeka & Santa Fe Railway tracks on the south, and Shoemaker Avenue on the west. The West Tank Farm has been divided into nine (9) separate zones (Zones A₁, A₂, B, B₁, B₂, C, C₁, D₁ and D₂) for purposes of assessment, remediation and development. Remediation of the West Tank Farm, consisting of the excavation of the uppermost 20 feet of contaminated soils, and transportation and off-site disposal of approximately 62,000 tons of petroleum-impacted soil, has been completed. The deep contaminated soils in Zones B, C, and D₂ are being remediated by vapor extraction systems. Most of the West Tank Farm has been redeveloped, and ownership has been conveyed by GWRC to GSDC pursuant to prospective purchaser agreements previously entered into by the Parties.

C. Process Unit Area. The Process Unit Area ("PUA") is located east of Carmenita Road and north of East Foster Road and occupies approximately 78.83 acres. The PUA formerly contained several above-ground storage tanks ("ASTs"), underground storage tanks ("USTs"), sumps, basins, pits, above-ground and below-ground piping, transfer pumps, processing areas, heaters, electrical transformers and hazardous materials storage areas. The processing unit has not operated since 1992. The PUA has been divided into 5 separate zones (Zones J, K, L, Q and MNOP) for purposes of assessment, remediation and development. Remediation of zones J, K, L and Q, consisting of the excavation of the uppermost 10 feet of contaminated soils, and transportation and off-site disposal of approximately 125,090 tons of petroleum-, asbestos or metal-impacted soil, has been completed. Zones J and K have been redeveloped. Zone L is currently being redeveloped. Zones Q, MNOP will undergo redevelopment soon. Ownership has been conveyed by GWRC to GSDC previously.

D. South Tank Farm. This PPA applies to the South Tank Farm ("Site") located east of Carmenita Road and south of East Foster Road and occupying approximately 41 acres. The Site formerly contained several ASTs, sumps, basins, pits, above-ground and below-ground piping, transfer pumps, and electrical transformers. A legal description of the Site is attached hereto and incorporated by reference as Exhibit "A". A map depicting the Site is attached hereto as Exhibit "B". Ownership of the STF was conveyed from GWRC to GSDC during July 2001.

E. Neighboring Properties. The Site is surrounded primarily by industrial and commercial areas. GWRC's main refinery operation plant that comprised the PUA was located to the north across East Foster Road. Consistent with a prior prospective purchaser agreement, the former PUA property is being developed for light industrial and commercial office park uses. The Site is bordered to the east by the concrete-lined Coyote Creek and a Water Tank and storage yard owned by the City of Santa Fe Springs. Along the southern boundary of the Site is the Metrolink railroad line, with industrial and commercial facilities south of these tracks. Carmenita Road marks the western edge of the Site. The West Tank Farm is located to the west across Carmenita Road. Consistent with three prior prospective purchaser agreements, the West Tank Farm property has been redeveloped for light manufacturing industrial and commercial warehouse facility uses.

F. Refinery Property History and Ownership. The Refinery Property is located near crude oil-producing fields in the area. In 1925, Wilshire Oil Company (“Wilshire”) purchased the Refinery Property and built storage facilities with more than seven (7) million barrels of capacity. In 1936, Wilshire constructed an oil refinery located east of Carmenita Road and north of East Foster Road, where gasoline and other finished petroleum products were manufactured. In 1960, Gulf Oil Corporation (“Gulf”) purchased the Refinery Property from Wilshire. Gulf refined crude oil into finished gasoline, heavy fuel oils, diesel fuel and asphalt. In 1983, GWRC purchased the Refinery Property from Gulf. GWRC operated the refinery process unit until February 1992, when crude oil processing operations were suspended. Fuel transport operations were conducted by GWRC at the Refinery Property from February 1992 to August 1997. Since 1997, all of the West Tank Farm has been demolished and redeveloped into light manufacturing industrial and commercial warehouse facilities. The PUA has been entirely salvaged and demolished and half has been redeveloped. The South Tank Farm is currently undergoing salvage and demolition activities and soil and groundwater investigations and cleanups. The Marketing Area, west of the Site across Carmenita Road and south of the West Tank Farm, will be the last remaining parcel of the Refinery Property to be evaluated, demolished, and developed.

G. Previous Cleanup and Abatement Orders. The RWQCB has previously issued several orders with regard to the Refinery Property. In 1985, the RWQCB issued Cleanup and Abatement Order No. 85-17, which required that GWRC and fourteen (14) other refiners in the Los Angeles Basin conduct subsurface investigations and site assessments to characterize any groundwater contamination beneath the respective facilities. In 1991, the RWQCB issued Cleanup and Abatement Order No. 91-079, which required that GWRC implement soil and groundwater investigations to determine the extent of contaminant migration and remediate site-derived soil and groundwater contamination.

H. Outstanding Cleanup and Abatement Order No. 93-082. In December 1993, the RWQCB issued Cleanup and Abatement Order No. 93-082 amending and superseding Order No. 91-079. The Order required the GWRC to cleanup and abate any on-site and off-site groundwater contamination originating from the Refinery Property, and implement a source elimination program to detect leakage from above ground tanks and under ground pipelines and remediate any free product in a timely manner.

I. GWRC Bankruptcy Proceeding. On July 31, 1992, GWRC filed a petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court. On February 16, 1995, the U.S. Bankruptcy Court approved a Joint Plan of Reorganization (As Modified) (September 28, 1994) that incorporated Cleanup and Abatement Order No. 93-082. The Effective Date of the Plan occurred on February 28, 1995. Reorganized GWRC emerged from bankruptcy, and it is performing its obligations under Cleanup and Abatement Order No. 93-082. Activities are being carried out in accordance with a ten year time schedule (until 2004) and with annual planned expenditures specified in the GWRC’s Joint Plan of Reorganization.

J. West Tank Farm and PUA Assessment and Remediation. GWRC has completed a variety of environmental audits and assessments at the West Tank Farm and PUA. The purpose of these activities was to identify the presence of soil and/or groundwater contamination and, if contamination was encountered, to identify its vertical and areal extent and implement soil and groundwater remediation. In the West Tank Farm and PUA, contaminants identified during the various investigations include total petroleum hydrocarbons (“TPH”), aromatic volatile organic compounds (“VOCs”), semi-volatile organic compounds and metals. Areas of contamination in shallow soil were remediated, and closure reports were prepared, summarizing the findings and remediation. As part of the PUA investigation, GWRC prepared a Human Health Risk Assessment (“HRAR”) that demonstrated that the contaminant levels under the PUA do not pose significant human health risks to future occupants of the Refinery Property and off-site receptors. The State of California’ Office of Environmental Health Hazard Assessment (“OEHHA”) approved the HRAR, which established health-based levels for shallow and deep soil. These health-based levels are applicable to other parts of the former refinery redevelopment.

K. Previous Prospective Purchaser Agreements. On May 12, 1997, the RWQCB adopted Resolution No. 97-012, which authorized the Executive Officer to sign a Prospective Purchaser Agreement (“First PPA”) between the Parties. The First PPA applied only to West Tank Farm Zones B, B₁, C and C₁. On April 13, 1998, the RWQCB adopted Resolution No. 98-06, which approved a Remedial Work Plan for Zones B, B₁, B₂, C and C₁, approved the adequacy of financial assurance provided by GWRC, and authorized the Executive Officer to sign Amendment No. 1 to the Prospective Purchaser Agreement for the Golden West Refining Company and the Golden Springs Development Company, LLC, which incorporated Zone B₂ into the site defined by the First PPA, revised language in the First PPA to eliminate a “Covenant Not to Sue” as to GWRC and provided for the Executive Officer to issue “No Further Action” letters for each individual zone identified in the First PPA. On May 18, 1998, the RWQCB adopted Resolution No. 98-09, which authorized the Executive Officer to execute another Prospective Purchaser Agreement (“Second PPA”) between the Parties. The Second PPA applied only to West Tank Farm Zones A₁ and A₂. On December 14, 1998, the RWQCB adopted Resolution No. 98-024, which authorized the Executive Officer to execute another Prospective Purchaser Agreement (“Third PPA”) between the Parties. The Third PPA applied to West Tank Farm Zones D₁ and D₂. On June 29, 2000, the RWQCB adopted Resolution No. R00-012, which authorized the Executive Officer to execute another Prospective Purchaser Agreement (“Fourth PPA”). The Fourth PPA applied to Process Unit Area Zones F₁ to F₁₀, G₁ to G₉ and J₁ to J₃, later re-named Areas J, K, L, Q, and MNOP.

L. Previous Waste Discharge Requirements Orders. On May 12, 1997, the RWQCB issued Order No. 97-074, which established Waste Discharge Requirements (“WDRs”) for West Tank Farm Zones B, B₁, C and C₁. Subsequently, GWRC submitted a Report of Waste Discharge to include Zone B₂ in the development. On April 13, 1998, the RWQCB issued Order No. 98-031, which established revised WDRs for Zones B, B₁, B₂, C and C₁. On May 18, 1998,

the RWQCB issued Order No. 98-040, which established WDRs for West Tank Farm Zones A₁ and A₂. On September 14, 1998, the RWQCB issued Order No. 98-068, which established WDRs for petroleum tank bottom sludge at the Refinery Property. On November 2, 1998, the RWQCB issued Order No. 98-081, which established WDRs for Zones D₁ and D₂. On June 29, 2000, the RWQCB issued Order No. 00-096, which established WDRs for the PUA. On October 12, 2000, the RWQCB issued Order No. 00-139, which amended Order No. 00-096. On August 1, 2002 the WDR Order No. 00-139 was amended by Order No. R4-2002-0156.

M. Proposed Development of Site. GWRC intends to dispose of waste material off-site at a legal point of disposition, and demolish and remove all remaining above-ground and below-ground equipment and structures prior to soil remediation. GSDC has obtained title to the Site from GWRC for development of the Site to retail commercial, office/retail commercial, and research and development light industrial uses ("Intended Uses"). In 2000, Los Angeles County's Community Development Commission working with the City of Santa Fe Springs was awarded an Economic Development Grant and a Brownfields Economic Development Grant from the United States Department of Housing and Urban Development for the redevelopment of the PUA and Site. In anticipation of the consummation of the HUD award, GSDC acquired the Site in September, 2000, however, due to HUD's process, the award transaction was not consummated until July, 2001. Since its acquisition of the Site, GSDC has conducted assessment and demolition activities on the Site. GSDC has not conducted any active operation on the Site since its acquisition. On July 24, 2001, the City of Santa Fe Springs and GSDC entered into an agreement entitled Covenants, Conditions and Restrictions ("CC&Rs") in connection with a loan made by the City to GSDC. Paragraph 14 of Exhibit E to the CC&Rs restricts usage of the Site to industrial and commercial uses identified in the HRAR. Development of the Site for residential, childcare, school or hospital use is prohibited without prior written approval by the RWQCB. The CC&Rs were recorded on July 24, 2002. GSDC is currently negotiating to lease significant portions of the Site to a third party. The lease is conditioned upon the approval of this PPA by the RWQCB.

N. Assessment and Remediation of Site. From approximately 1985 to present, numerous field investigations have been performed. These investigations are summarized in a March 2002 Preliminary Remedial Environmental Report and Remedial Action Workplan prepared by Cape Environmental and approved with certain conditions by the RWQCB in March 2003. Additional subsurface investigations, based on the RWQCB-approved March 2002 Workplan, have been completed and are summarized in a September 30, 2003 report. This report proposes full delineation and remediation of impacted areas throughout the Site. The HRAR conducted at the request of the Santa Fe Springs Fire Department for the PUA was completed in 2002 and approved by OEHHA in July 2002. The HRAR requested by the Santa Fe Springs Fire Department was prepared to evaluate current and future PUA risks, to verify that the constituent concentrations listed in the WDRs are protective of human health, and to establish health-based action levels for all identified compounds at the PUA. The HRAR concluded that the WDRs for the PUA contain limitations more restrictive than limits required to protect human health, and listed health-based levels for all compounds of concern in shallow (0-10 ft) and deeper (>10 ft deep) soil. The PUA's human health risk has also been accepted by the Santa Fe Springs Fire Department as applicable to

the Site, assuming that the findings of investigations in the Site indicate similar contaminants and if the land use proposed for the Site is similar to the PUA. The September 30, 2003, report indicates that these conditions have been met. Groundwater remediation is on-going at the Site, where free-phase hydrocarbons have been removed by pumping from approximately 50 extraction wells. This system is currently being updated to enhance light non-aqueous phase liquid recovery and will include soil vapor extraction under a remedial action plan approved by the RWQCB on October 25, 2001.

O. Financial Assurances. GWRC agrees to maintain adequate financial resources to ensure completion of actions undertaken by GWRC to complete the tasks to be performed under this PPA. As a condition precedent to the covenants contained in this PPA, GWRC has submitted to RWQCB staff an "Unanimous Written Consent to Action Without a Meeting of the Board of Directors of Golden West Refining Company, a California corporation" (Exhibit "C") showing it has allocated \$5,810,858 for remediation of soil and groundwater at and beneath the Site. Based on available environmental information, it is estimated that \$5,810,858 is required to investigate and remediate soil and groundwater contamination at the Site consistent with the WDRs and Cleanup and Abatement Order for the Site. GWRC has agreed to provide additional funding in the event that cleanup cost exceeds \$5,810,858 for the STF. Additional information about groundwater contamination and remediation will be developed over the next few months. Prior to April 30, 2004, an updated cost estimate will be submitted to the Regional Board staff. If necessary as a result of the updated cost estimate and no later than July 1, 2004, GWRC or GSDC shall set aside additional funds to address groundwater investigation and remediation.

P. Waste Discharge Requirements. The RWQCB has prepared WDRs which contain requirements and sets contaminant limits for soils to be excavated and used as backfill at the Site. At the request of the Santa Fe Springs Fire Department, the soil cleanup levels for the Site include health-based action levels based on the OEHHA-approved HRAR completed for the PUA. The September 30, 2003 report proposes soil cleanup levels. Attached hereto as Exhibit "E" is a copy of the WDRs incorporating the proposed soil cleanup levels. The WDRs include a Monitoring and Reporting Program that requires GWRC to submit quarterly progress and monitoring reports, a Contamination Removal Report and a Closure Report. Pursuant to applicable law GWRC intends to comply with the WDRs, and consistent with this PPA, GWRC agrees not to challenge the WDRs.

Q. Intended Uses Will Not Exacerbate Existing Contamination. The Parties intend and believe that, based upon competent engineering and other data previously considered, the Intended Uses (and all activities anticipated to be undertaken in connection therewith) if exercised with due care will: (i) prevent increased risk to the waters of the State of California which may result from the Existing Contamination; (ii) not exacerbate or contribute to the Existing Contamination at the Site; (iii) not materially interfere with any cleanup activities to be conducted by GWRC; and (iv) not materially interfere with the ability of GWRC to carry out any duties and responsibilities established under Cleanup and Abatement Order No. 93-082, the WDRs accompanying this PPA, or any future response actions.

R. Promotion of Development. The RWQCB desires to encourage redevelopment of the Site. GSDC desires to lease or encumber the Site and believes that, in order to do so effectively, it must offer prospective tenants and lenders a release of liability for the Existing Contamination from the RWQCB. Accordingly, the RWQCB intends to settle and resolve the potential liability of Prospective Purchasers for the Existing Contamination, provided that any such Prospective Purchaser: (i) did not cause or contribute to the Existing Contamination at the Site; (ii) do not otherwise cause or contribute to a release or threat of a release of waste at the Site; and (iii) comply with the terms of this PPA.

S. Benefit. The resolution of any potential liabilities for Prospective Purchasers, in exchange for carrying out the activities contemplated by the Cleanup and Abatement Order No. 93-082, the RWQCB-approved Final Design Report, Groundwater Remediation Systems, and WDRs accompanying this PPA with respect to the Existing Contamination by GWRC, confers on the RWQCB a substantial benefit which is fair, reasonable and in the public interest. The RWQCB has also determined that this PPA will result in a substantial public benefit because activities by prospective purchasers pursuant to this PPA and otherwise will result in the following benefits. The Site is located in an economically depressed portion of the City of Santa Fe Springs and Los Angeles County. GSDC anticipates that several hundred jobs will be created as the result of the development project. An existing blight will be eliminated and a brownfield will be redeveloped for desirable commercial usage. GSDC anticipates that the existing tax base will increase in excess of \$20 million, thereby providing substantial additional revenue to the County of Los Angeles and City of Santa Fe Springs in the form of property tax.

T. RWQCB Jurisdiction. The RWQCB enters into this PPA pursuant to Water Code sections 13000, *et seq.* (the "Porter-Cologne Water Quality Act"). The RWQCB has authority to enter into agreements whereby it covenants not to sue, or assert claims against, prospective purchasers, tenants or lenders in enforcement actions or other administrative actions for environmental remediation of environmentally impacted properties if such agreements are sufficiently in the public interest.

U. Factual Determinations. The RWQCB has, in support of its granting of the RWQCB Covenant hereunder, made the following findings with respect to the Site:

(i) GWRC has previously performed localized environmental investigation and is currently implementing an investigation workplan approved with conditions by the RWQCB in March 2003.

(ii) GWRC will supplement its source elimination program by removal of all contamination sources, and mitigation of soil and groundwater found to be contaminated. The demolition and removal of potential source structures is already 95% complete.

(iii) For remediation purposes, GWRC will conduct further environmental assessment to fully delineate known impacted areas throughout the Site and to identify other potentially

impacted areas unknown at this time.

(iv) GWRC will remediate soil presently known, or subsequently determined, to contain contaminants to obtain authorization issuance of a “no further action letter” by the RWQCB for the Site.

(v) GWRC will remove free product and remediate on-site and off-site groundwater contamination in a timely manner in accordance with the requirements of Cleanup and Abatement Order No. 93-082, the RWQCB-approved Final Design Report, Groundwater Remediation Systems, and WDRs accompanying this PPA.

(vi) GWRC is implementing a RWQCB-approved Final Design Report, Groundwater Remediation Systems, with a scheduled completion date of February 2004.

(vii) Adequate financial assurances have been committed by GWRC to ensure completion of site assessment and soil and groundwater cleanup at the Site in accordance with this PPA. GWRC has agreed to provide additional funding in the event that cleanup cost for the STF exceeds \$5,810,858.

(viii) Resolution of the potential liability of Prospective Purchasers for Existing Contamination, in exchange for provision by GWRC to the RWQCB of a substantial benefit, is in the public interest. This PPA is fair, reasonable and in the public interest.

V. Purpose. The Parties agree to undertake all actions required by the terms and conditions of this PPA. The purpose of this PPA is to settle and resolve, subject to reservations and limitations contained herein, the potential liability of Prospective Purchasers for the Existing Contamination at the Site that would otherwise result from ownership or conveyance of the Site.

W. Conditions of PPA. The RWQCB’s willingness to grant a Covenant Not to Sue to GSDC (including its respective subsidiaries, divisions, officers, directors, shareholders, members, employees, agents, representatives, beneficiaries, heirs and assigns), and any particular Owner, Occupant, or Lender is expressly conditioned upon: (i) granting by a Prospective Purchaser of a covenant not to sue pursuant to Section 4.2 hereof; (ii) execution, with respect to an Owner or Occupant only, by each such Owner or Occupant, of a certificate in the form attached as Exhibit “D” as provided in Section 2.2 hereof; (iii) submittal of a “Unanimous Written Consent to Action Without a Meeting of the Board of Directors of Golden West Refining Company, a California corporation” showing it has allocated \$5,810,858 for remediation of soil and groundwater at and beneath the STF; and (iv) the further terms and provisions set forth herein.

ARTICLE I

DEFINITIONS

Unless otherwise expressly provided herein, terms used in this PPA which are defined in the California Water Code, or in regulations promulgated thereunder, or in the California Health & Safety Code, or in regulations promulgated thereunder, shall have the meaning assigned to them in the Water Code, the Health & Safety Code, or in such regulations, including any amendments thereto.

1.1 Effective Date. “Effective Date” means the date this PPA is fully executed by all Parties.

1.2 Existing Contamination. “Existing Contamination” means any contamination caused by any hazardous substances, pollutants, contaminants or wastes, present or existing at, on, or under (including within the groundwater beneath the Site) or originating from the Site as of the Effective Date of this PPA, including, without limitation, that contamination identified in the past Site assessment, the September 30, 2003 report and any other subsequent Site assessment.

1.3 GSDC. “GSDC” means Golden Springs Development Company, LLC, a California limited liability company, and any successor. GSDC was created pursuant to California Corporations Code § 17050. GSDC is owned by and all the members of GSDC are the children of Ted Orden who is the trustee of the Orden Revocable Trust. The Orden Revocable Trust owns almost all of the outstanding shares of Thrifty Oil Co., which is GWRC’s parent. None of the members of GSDC has any legal ownership interest in GWRC.

1.4 GWRC. “GWRC” means Golden West Refining Company, a California corporation, and any corporate successor.

1.5 Intended Use. “Intended Use” means use of the Site for purposes of light industrial, commercial office building, or commercial retail in accordance with the zoning requirements of the City of Santa Fe Springs.

1.6 Land Use Restrictions. “Land Use Restrictions” means prohibited uses of the Site, including, but not limited to, recorded easements, covenants, restrictions or servitudes, or any combination thereof, as may be reasonably necessary and appropriate, prohibiting a future Owner and Occupant from one or more of the following activities: (i) engaging in drilling activities on the Site for the purpose of constructing water supply wells; (ii) interfering or exacerbating Existing Contamination at, on, or beneath the Site; and (iii) utilizing or developing the Site for any purpose other than the Intended Use as defined in Section 1.5.

1.7 Lender. “Lender” means any person, whether an individual, bank, financial institution or other entity, including its respective officers, directors, shareholders, employees, agents, representatives, heirs and assigns, who, from and after the Effective Date, becomes a beneficiary under a deed of trust or lienholder under other lien instruments covering any portion of the Site in

the context of a bona fide financing transaction. “Lender” excludes GSDC and GWRC.

1.8 Notice. “Notice” means that recordable notice, in the form of Exhibit “D” hereto, to be executed by each Owner and Occupant pursuant to Section 2.2 hereof.

1.9 Occupant. “Occupant” means any person, whether an individual, corporation, partnership or other legal entity, including its respective officers, directors, shareholders, employees, agents, representatives, heirs and assigns, who, from and after the Effective Date, becomes entitled by leasehold or other legal relationship with GWRC, GSDC, or an Owner to the legal right to occupy any portion of the Site. “Occupant” includes: (i) A Lender who has, through foreclosure or deed-in-lieu thereof or through lease or other arrangement with an Owner or GWRC, the legal right to occupy any portion of the Site; and (ii) a lessee of the Site in a sale-leaseback transaction. “Occupant” excludes GWRC including its respective officers, directors, shareholders, employees, agents, representatives, heirs and assigns in their capacity as officers, directors, shareholders, employees, agents, representatives, heirs and assigns of GWRC.

1.10 Owner. “Owner” means any person, whether an individual, corporation, partnership or other legal entity, including its respective officers, directors, shareholders, employees, agents, representatives, heirs and assigns, who, from and after the Effective Date, is GWRC’s successor-in-interest with respect to GWRC’s surface rights in and to the Site, and being a person who holds title (whether legal or equitable) to all or any portion of the Site. “Owner” includes: (i) A Lender who, through foreclosure or deed-in-lieu thereof or through grant deed or other conveyancing instrument from GWRC, GSDC or an Owner, acquires title to any portion of the Site; and (ii) a lessor of the Site in a sale-leaseback transaction. “Owner” excludes GWRC including its respective officers, directors, shareholders, employees, agents, representatives, heirs and assigns in their capacity as officers, directors, shareholders, employees, agents, representatives, heirs and assigns of GWRC.

1.11 Party and Parties. “Parties” mean two or more of the RWQCB, GWRC and GSDC, and “Party” shall refer to any one of the Parties individually.

1.12 Prospective Purchaser. “Prospective Purchaser” or “Prospective Purchasers” means GSDC and its respective subsidiaries, divisions, officers, directors, shareholders, members, employees, agents, representatives, beneficiaries, heirs and assigns, and any subsequent Owner, Lender, or Occupant of the Site, as well as their respective investors, members, directors, officers, shareholders, partners, affiliates, employees, agents, successors and assigns. “Prospective Purchasers” excludes any person other than GSDC that has previously owned or operated at the Site, including GWRC, along with such person’s investors, members, directors, officers, shareholders, partners, affiliates, employees, agents, successors and assigns.

1.13 RWQCB. “RWQCB” shall mean the California Regional Water Quality Control Board, Los Angeles Region and shall include its successor agencies, if any.

1.14 Site. “Site” shall mean the real property located in the City of Santa Fe Springs, County

of Los Angeles, State of California, as more particularly described in Exhibit "A" and depicted in Exhibit "B" hereto.

ARTICLE II

ACCESS RIGHTS AND NOTICES

2.1 Site Access. GWRC and Prospective Purchasers hereby grant an access easement to: (i) the RWQCB, Santa Fe Springs Fire Department and their respective authorized officers, employees, representatives and all other persons performing Site assessment or cleanup actions under the oversight of the RWQCB and Santa Fe Springs Fire Department, for the purpose of entry upon the Site at reasonable times and in a reasonable manner to monitor and inspect the integrity of any remediation equipment and to exercise any other rights and responsibilities under any orders issued by the RWQCB and Santa Fe Springs Fire Department; and (ii) GWRC, its authorized officers, employees, representatives and all other persons performing assessment or remediation actions on behalf of GWRC or its successors, for the purpose of entry upon the Site at reasonable times and in a reasonable manner to perform assessment and remediation activities. The RWQCB acknowledges that the Site is to be developed for the Intended Uses and agrees that its easement rights hereunder shall not be exercised in a manner which would unreasonably interfere with the Intended Uses. Nothing in this PPA shall be interpreted to limit the RWQCB's authority under the California Water Code and the California Health & Safety Code to take actions for the protection of the public health and safety or the environment.

2.2 Notices. Prior to or simultaneous with any assignment or transfer of the Site, the assignee or transferee shall, as a precondition to receiving the benefit of the RWQCB Covenant Not to Sue, execute a written instrument in the form attached hereto as Exhibit "D", which shall accompany each purchase, lease, sublease or rental agreement relating to the Site.

2.3 Due Care/Cooperation. GWRC and Prospective Purchasers shall exercise due care at the Site with respect to the Existing Contamination and shall comply with all applicable local, state, and federal laws and regulations. GWRC and Prospective Purchasers agree to cooperate fully with the RWQCB in the implementation of assessment and cleanup actions at the Site and further agree not to interfere with such cleanup actions. In the event GWRC or Prospective Purchasers become aware of any action or occurrence which causes or threatens a release of hazardous substances, pollutants or contaminants at or from the Site or may present a threat to public health or welfare or the environment, GWRC and any Prospective Purchasers shall immediately take all appropriate action to prevent, abate, or minimize such release or threat of release, and shall, in addition to complying with any applicable notification requirements under the Health & Safety Code, Water Code or any other law, immediately notify the RWQCB of such release or threatened release.

2.4 Costs of Enforcement. Except with regard to Section 2.2, any Prospective Purchaser that fails to comply with the terms of this Article II shall be liable for all enforcement costs, including, but not limited to, litigation costs incurred by the RWQCB to enforce the provisions of

this Article II or otherwise obtain compliance.

ARTICLE III

CLEANUP OF PROPERTY AND RESTRICTIONS ON INTENDED USE

3.1 Continuation of Site Cleanup. GWRC shall implement, with respect to the Site, the directives set forth in the Cleanup and Abatement Order No. 93-082 and unconditionally accept and implement the waste discharge requirements specified in Exhibit "E", and, in connection therewith, will exercise due care concerning the Existing Contamination.

3.2 Restrictions on Intended Use. Prospective Purchasers shall comply with the Land Use Restrictions, as defined in Section 1.6 and as may be reasonably required by the RWQCB, against any Owner and/or Occupant of the Site. Such parties shall exercise due care at the Site with respect to Existing Contamination and shall comply with all applicable local, state and federal laws and regulations, and shall cooperate in the implementation of the CAO.

3.3 Enforcement. Failure of any Owner or Occupant to comply with any of the requirements set forth in Section 3.2 above, shall be grounds for RWQCB, by reason of this PPA, to order the Owner or Occupant to discontinue any use of the Site in violation of Section 3.2. Failure to observe the restrictions set forth in Section 3.2 shall be grounds for the RWQCB to order the Owner or Occupant to discontinue any use of the Site and to pursue any remedy provided by law to enforce the provisions of Section 3.2. Any Owner or Occupant that fails to comply with the terms of this PPA shall be liable for all reasonable enforcement costs, including, but not limited to, reasonable attorneys' fees, including attorney general's fees, and litigation costs incurred by the RWQCB to enforce the provisions of this PPA.

3.4 Cooperation. The RWQCB agrees, consistent with its responsibilities under applicable law, to use reasonable efforts to minimize any interference with the Intended Use of the Site, and that if any entry on the Site and response actions are necessary to address contamination other than Existing Contamination, the RWQCB will not unreasonably interfere with a Prospective Purchaser's activities.

ARTICLE IV

COVENANTS

4.1 RWQCB's Covenant Not to Sue. Subject to the unconditional acceptance by GWRC of the WDRs attached as Exhibit "E" and GWRC's continued commitment to implement Cleanup and Abatement Order No. 93-082, the RWQCB hereby agrees to release the Prospective Purchasers from any and all liability associated with the Existing Contamination, and unconditionally and irrevocably (except as otherwise provided herein) covenants not to name any Prospective Purchaser in any enforcement action, or to pursue any claim, enter any order or make any demand against any Prospective Purchaser for claims the RWQCB may assert pursuant to:

Chapter 5 (commencing with section 13300) of Division 7 of the Water Code; Chapters 6.5 (commencing with Section 25100) and 6.8 (commencing with Section 25301), Division 20 of the Health & Safety Code; or pursuant to the California Code of Regulations applicable to the RWQCB's authority; or, pursuant to other applicable laws, regulations or civil, judicial or administrative authorities, solely with respect to the Existing Contamination at the Site or any portion thereof (the "RWQCB Covenant"). The RWQCB Covenant shall pass with each and every portion of the Site, and shall benefit each Prospective Purchaser. The RWQCB Covenant as to any Prospective Purchaser is expressly subject to and conditioned upon such party's material compliance with its obligations (including satisfying the definition of "Prospective Purchaser"), if any, under this PPA as an Owner or Occupant.

4.2 Reciprocal Covenant Not to Sue. In consideration of the RWQCB Covenant, and for so long as any Prospective Purchaser enjoys the benefit of the RWQCB Covenant, the Prospective Purchasers hereby covenant, separately and independently, not to sue and not to assert any claim or cause of action against the RWQCB, its past, present, and future authorized officers, employees, or representatives with respect to the Existing Contamination at the Site, including but not limited to: (i) any direct or indirect claim for reimbursement from the Hazardous Waste Control Account, Hazardous Substance Account, or Hazardous Substance Cleanup Fund through Health & Safety Code section 25375 or any other provision of law; or (ii) any other claim arising out of the RWQCB's oversight activities at the Site conducted under any Order, Water Code, or other applicable law ("Reciprocal Covenant"). This Reciprocal Covenant is made and given, effective upon execution of this PPA, by GSDC and upon execution of a Notice by each Owner and Occupant, and does not extend to or bind any other persons; provided, that a Lenders (unless they have become an Owner or Occupant pursuant to Sections 1.9 or 1.10 above) shall not be required to execute a Notice, but shall be deemed to be bound by such covenant as a precondition to receiving the protection of the RWQCB Covenant.

4.3 RWQCB's Reservation of Rights. Notwithstanding the RWQCB Covenant, the RWQCB reserves, and this PPA is without prejudice to, the RWQCB's right to assert any claims, enforcement actions or other civil or administrative proceedings against any person or entity not subject to this Agreement or any Prospective Purchaser that fails to satisfy the definition of "Prospective Purchaser" or relating to the acts or omissions of any such Prospective Purchaser occurring after the Effective Date and which may give rise to liability under applicable law relating to any:

- (a) release or threat of a release of a hazardous substance, pollutant or contaminant, resulting from the ownership, operation, use or development of the Site by GWRC or that particular Prospective Purchaser;
- (b) introduction of any hazardous substance, pollutant or contaminant, to the Site after the Effective Date by GWRC or by a particular Prospective Purchaser;
- (c) interference by a particular Prospective Purchaser with GWRC's cleanup activities undertaken pursuant to this PPA and any failure of a particular Prospective

Purchaser to cooperate, as required by Section 2.3, with the RWQCB, its employees, agents, contractors or authorized representatives or with GWRC conducting cleanup activities under the RWQCB's direction and oversight at the Site;

(d) transportation and disposal after the Effective Date by GWRC or a particular Prospective Purchaser of hazardous substances from the Site;

(e) exacerbation or release of the Existing Contamination after the Effective Date by GWRC or by a particular Prospective Purchaser caused by: (i) the willful misconduct, recklessness or negligence of GWRC or by such Prospective Purchaser; or (ii) activities on the Site which are incompatible with, or unnecessary in the pursuit of, the Intended Uses, including but not limited to, the creation of a source of contamination (e.g., surface or subsurface runoff and migration) associated with such wrongful, reckless, negligent or unauthorized activities at the Site;

(f) failure to exercise due care as required under Section 2.3 after the Effective Date by GWRC or by a particular Prospective Purchaser with respect to any hazardous substances, pollutants or contaminants at the Site, including but not limited to, the Existing Contamination;

(g) failure by such Prospective Purchaser to meet a requirement of this PPA; and

(h) criminal liability of GWRC or of a particular Prospective Purchaser.

The foregoing specific reservations by the RWQCB shall be separately and distinctly applied with respect to each Prospective Purchaser, the intent being that none of the foregoing actions or events applicable to a particular Prospective Purchaser shall render the RWQCB Covenant inapplicable to any other Prospective Purchaser. Nothing contained in this Section shall be deemed a waiver of any defense, cross-claim, counterclaim, offset or other rights available to GWRC or a Prospective Purchaser (at law or in equity) in response to any claim or enforcement action by the RWQCB, as specifically reserved hereunder. The foregoing specific reservations by the RWQCB also apply to any Lender who participates in management of the Site for purposes of 42 U.S.C. § 9601 (20)(a) and who commits an act or omission in (a) through (h) above. The foregoing specific reservations by the RWQCB shall not be construed to expand the scope of the RWQCB Covenant. Without limiting RWQCB's legal or equitable rights or remedies under this Agreement, if Prospective Purchaser is determined, through adjudication or the administrative or the regulatory processes, to have committed an act or omission after the Effective Date for which the RWQCB has specifically reserved its rights in (a) through (h) above, the particular Prospective Purchaser that was determined to have committed the act or omission, shall be liable for all enforcement costs including, but not limited to, attorneys' fees, including Attorney General's fees, and costs incurred by the RWQCB in conjunction with that act or omission.

4.4 RWQCB Reservation of Rights as to Other Entities. The RWQCB Covenant is made and given solely for the benefit of Prospective Purchasers, and for no other persons. The RWQCB reserves the right to assert all claims or causes of action against any other person, firm, corporation, or any other entity, including its officers, directors, shareholders and employees, for any claims associated with the Site, and for any other relief to which the RWQCB may be entitled at law or in equity.

4.5 RWQCB's Reservation of Rights as to Unknown Conditions or New Information. The RWQCB Covenant does not apply (and the RWQCB reserves the right to institute an action under state law, or to take administrative action against any person) if previously unknown and unsuspected conditions are discovered or information is received, in whole or in part, after the Effective Date, and these previously unknown and unsuspected conditions or this new information demonstrate that GWRC or a particular Prospective Purchaser is liable for the Existing Contamination for reasons other than that liability that may be incurred solely by virtue of holding or acquiring an interest in the Site (as is expressly contemplated in Section 4.1 above). This reservation shall apply only to that Prospective Purchaser with respect to whom such unknown and unsuspected conditions discovered hereunder pertain.

4.6 Reservation of Rights by GWRC and RWQCB. Notwithstanding anything to the contrary herein, GWRC reserves the unilateral right to terminate this PPA upon providing thirty (30) days prior written notice to the RWQCB if, in its sole discretion, it determines that development or cleanup of the Site is not economically feasible. In such case, the requirements of Cleanup and Abatement Order No. 93-083 and the WDRs attached as Exhibit "E" will remain applicable and all Parties shall be relieved from all obligations of this PPA, including, without limitation, the covenants set forth in Sections 4.1 and 3.2, above.

4.7 RWQCB Covenant to Issue No Further Action Letter. The RWQCB hereby covenants that upon receiving an acceptable Closure Report documenting that soil at the Site has been remediated to the limits of the applicable WDRs or to such other less restrictive levels to which the RWQCB may, in its sole discretion, hereafter agree, the RWQCB shall issue a "No Further Action" letter to GWRC stating that no further investigation and remedial action need be taken with regard to the Existing soil Contamination at the Site subject to conditions stated in the letter.

ARTICLE V MISCELLANEOUS

5.1 Term. This PPA shall continue in effect in perpetuity unless properly terminated in accordance with the provisions of this PPA and applicable law.

5.2 Amendment. GWRC, GSDC, any Owner, or, with the Owner's consent, any Occupant of the Site or any portion thereof may apply to the RWQCB for a written amendment to the provisions of this PPA as they apply to all or any portion of the Site. Any amendment to the PPA

which results from any such application shall apply only to GWRC, GSDC, or to that Owner or Occupant who made the application for the same. The RWQCB may also propose to GWRC, GSDC, an Owner and Occupant (with the Owner's consent), written amendments to the PPA and the approval of GWRC, GSDC, and/or the particular Owner and Occupant shall not be unreasonably withheld. Any amendment, termination or variance pursuant to this Section 5.2 must be in writing and signed by the Executive Officer of the RWQCB and GWRC, GSDC and/or such Owner and/or Occupant affected thereby. Any amendment to this PPA shall be effective upon the date the amendment is signed by each of the applicable Parties and shall be deemed incorporated in this PPA.

5.3 No Dedication Intended. Nothing set forth herein shall be construed as a gift or dedication, or offer of a gift or dedication, of the Site or any portion thereof to the general public or for any purpose whatsoever.

5.4 Notices. All notices, documents and communications required to be given under this PPA, unless otherwise specified herein, shall be sent to the respective Parties at the following addresses in a manner that produces a record of the sending of the notice, document or communication such as certified mail, overnight delivery service, facsimile transmission or courier hand delivery service and shall be effective upon receipt. The address of any Party may be changed upon delivery of a written notice of change of address by each of the other Parties.

To RWQCB: California Regional Water Quality Control Board
Los Angeles Region
Attention: Dennis A. Dickerson
320 W. 4th Street, Suite 200
Los Angeles, California 90013
Telephone: (213)576-6605 Facsimile: (213)576-6625

With a copy to: Michael A.M. Laufer
Office of Chief Counsel
State Water Resources Control Board
1001 I Street, 22nd Floor
Sacramento, CA 95814
Telephone: (916) 341-5183 Facsimile: (916) 341-5199

To GWRC: Golden West Refining Company
Attention: Barry W. Berkett
13116 Imperial Hwy.
Santa Fe Springs, California 90670
Telephone: (562)921-3581 Facsimile: (562)921-2077

To GSDC: Golden Springs Development Company
Attention: Moshe Sassover
13116 Imperial Hwy.

Santa Fe Springs, California 90670

To an Owner or
Occupant: Addresses set forth in the Notice
 to be executed pursuant to
 Section 2.2, above.

5.5 Partial Invalidity. If any portion of this PPA is determined to be invalid for any reason, the remaining portions shall remain in full force and effect as if such portion had not been included herein.

5.6 Article and Section Headings. Headings at the beginning of each numbered article and section of this PPA are solely for the convenience of the Parties and are not a part of the PPA.

5.7 Recordation. This PPA and any amendment hereto shall be recorded by GWRC in the County of Los Angeles prior to the recordation of any conveyance of, or execution of any lease for, any portion of the Site by GWRC in favor of GSDC, any Owner or Occupant.

5.8 References. All references to the California Health & Safety Code, California Water Code, and any federal code sections include successor provisions.

5.9 Authority. Each signatory of a Party to this PPA represents that he is fully authorized to enter into the terms and conditions of this PPA and to legally bind such party.

5.10 No Admission of Liability. The Parties agree that their respective entry into this PPA, and any actions to be undertaken by GWRC or GSDC in accordance with this PPA, do not constitute an admission of any liability by GWRC or GSDC.

5.11 Counterparts. This PPA may be executed and delivered in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, but such counterparts shall together constitute one and the same document.

5.12 Parties Bound. This PPA shall apply to and be binding upon: (a) the RWQCB and any successor agency of the State of California that may have responsibility and jurisdiction over the subject matter of this PPA; and (b) GWRC and Prospective Purchasers and their respective officers, directors, agents, employees, contractors, consultants, receivers, trustees, successors and assignees, including but not limited to individuals, partners, and subsidiary and parent corporations.

5.13 Governing Law. This PPA shall be construed and governed by the laws of the State of California.

5.14 Construction. No Party hereto (nor any attorney of any of the Parties) shall be deemed the drafter of this PPA for purposes of interpreting or construing any provision of this PPA.

5.15 Attorneys' Fees. In the event any litigation, arbitration, mediation or other proceeding is initiated by any of the Parties to enforce, interpret or obtain other relief in connection with this PPA, the prevailing party shall be entitled to reimbursement of all costs, expenses, expert witness fees, and reasonable attorneys' fees in addition to any other relief to which such party may be entitled. Notwithstanding this paragraph, no Party may recover attorneys' fees or costs from the RWQCB, except as otherwise provided by law. In the event any person files an action against the RWQCB related to its participation in this PPA, GWRC and/or GSDC shall indemnify the RWQCB by reimbursing the RWQCB for the Attorney General's Office actual costs to defend such action.

IN WITNESS WHEREOF, the Effective Date shall be the date last set forth below.

**CALIFORNIA REGIONAL WATER QUALITY
CONTROL BOARD, LOS ANGELES REGION**

By: Original Signed By
Dennis A. Dickerson
Executive Officer

Date: 04/04/2004_____

GOLDEN WEST REFINING COMPANY

By: _____
Barry W. Berkett
Executive Vice President

Date: _____

**GOLDEN SPRINGS DEVELOPMENT
COMPANY**

By: _____
Moshe Sassover
Manager

Date: _____

APPROVED AS TO FORM:

By: Michael A.M. Lauffer
Attorney for RWQCB

By: Mark B. Gilmartin
Attorney for GWRC and GSDC

Exhibit "A" -- Legal Description of Site

GOLDEN WEST REFINING COMPANY
SANTA FE SPRINGS, CA
SOUTH TANK FARM

EXHIBIT "C"

FINANCIAL ASSURANCE

EXHIBIT "D"

NOTICE OF PROPERTY TRANSFER AND COVENANT NOT TO SUE

_____ [Name of Owner or Occupant] (the "Undersigned") became an Owner or Occupant [circle appropriate description] of _____, Santa Fe Springs, California (the "Site") on _____, 200__. Capitalized terms not defined herein shall have the meaning ascribed in the PPA (hereinafter defined).

1. The Undersigned, by signing below, verifies that it has read that Prospective Purchaser Agreement ("PPA").
2. The Undersigned understands and agrees that Section 4.1 of the PPA contains a covenant by the California Regional Water Quality Control Board - Los Angeles Region ("RWQCB") not to pursue enforcement actions against an Owner or Occupant of the Site (the "RWQCB Covenant").
3. The Undersigned also understands and agrees that it may enjoy the benefits of the RWQCB Covenant only if the Undersigned covenants not to sue the RWQCB pursuant to the Reciprocal Covenant set forth in Section 4.2 of the PPA.
4. The Undersigned further understands and agrees that its right to rely upon and benefit from the RWQCB Covenant is expressly subject to and conditioned upon its own, and only its own, compliance with its obligations under the PPA, including all exhibits, attachments and appendices thereto.
5. Notices to the Undersigned, pursuant to Section 5.4 of the PPA, shall be addressed as follows:

Name of Company _____

Street Address _____

City, County _____

State, Zip Code _____

Attention: _____

Telephone: _____

Facsimile: _____

Prospective Purchaser Agreement

RWQCB File No. 85-13

The Undersigned, by signing below, verifies that: (i) it is aware that hazardous substances have been found within the boundaries of the Site; and (ii) such condition renders its interest in the Site subject to the PPA and to all applicable laws and regulations of the State of California.

The Undersigned, by signing below, certifies that he or she is fully authorized to enter into the terms and conditions of this Notice and to execute and legally bind the Owner or Occupant to this Notice.

Dated: _____

Typed name of person Authorized to sign on behalf of
Owner/Occupant

Title: _____

To become effective, this Notice must be sent by United States mail, postage paid, certified, return receipt requested, to:

California Regional Water Quality Control Board
Los Angeles Region
Attention: Executive Officer
320 W. 4th Street, Suite 200
Los Angeles, California 90013

This Notice shall be effective three business days after deposit in the mail, if mailed by United States mail, postage paid, certified, return receipt requested.

EXHIBIT "E"

WASTE DISCHARGE REQUIREMENTS